

South Atlantic Gold Announces Memorandum of Understanding Signed with Ceara State, Brazil

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Kelowna, July 22, 2022 - [South Atlantic Gold Inc.](#) (TSXV:SAO) ("South Atlantic" or the "Company") is pleased to announce that it has entered into a Memorandum of Understanding Agreement ("MOU" or the "Agreement") with the government of Ceará State, Brazil to support South Atlantic in the advancement and development of the Pedra Branca Project, located in Ceará State, Brazil.

Douglas Meirelles, CEO stated, "This signed MOU with the state government of Ceará represents a pledge to assist, promote and aid the financing for the development of Ceará's first gold mine. Although our short-term exploration programs remain unaffected and while we work on the proper licensing and permitting, this pledge represents a significant step in the Pedra Branca region and, more specifically, a significant leap forward in the development of our asset.

"With this unprecedented Agreement in the state of Ceará, South Atlantic will work to advance its permits and unlock a non-dilutive indicative funding of R\$ 120 million (\$30 million) which will come from various sources and programs with governmental agencies, ranging from tax-exemption programs to direct funding from economic development funds, all of which can ultimately add to and minimize future dilutive financing of exploration and development activities of our asset Pedra Branca."

Highlights of the Memorandum of Understanding

- The government of Ceará pledges to support the Company with permitting, license reviews and financial and benefits programs that would advance the construction of a small-scale mining operation at Pedra Branca.
- The Company pledges to work cooperatively to encourage economic growth in the communities surrounding the project area through sustainable ESG programs, local human resources development and local supply chain prioritization, as the project advances.
- The government of Cear has also pledged to assist South Atlantic with upwards of R\$120 million (C\$30 million) in direct and indirect funding from activities related to tax-exemption and economic development programs to support the exploration and future construction of the Pedra Branca project.

The impetus behind the government's decision is to help expedite the advancement of the project in the region along with its associated economic development with jobs generation, supply chain development and necessary investments to support the economic endeavor of this project.

For the Pedra Branca asset, the licensing and permitting process of a potential small scale mine will take time. However, with the possibility to receive such non-dilutive funding, the Company will work in parallel to advance its permits and license to unlock the proposed funding. The MOU does not, at this point in time, provide clear and distinct reference to the financing amount that will be in tax-exemptions or the amount of direct non-dilutive funding from the economic development programs. The final amount is defined as part of the licensing and permitting process of the small scale or trial mine, at such point the definition of the total size and necessary estimated funds for the complete endeavor will be made.

In parallel and going forward, the exploration team led by Marcelo Batelochi, Senior Exploration Manager, and the recently formed Technical Committee will continue the exploration activities as per the outlined Phase II plan press released on February 3, 2022 ([click here to view](#)), which seeks to advance the exploration and unlock further project value both inside and outside the target areas of the current mining concession. As such, the Company plans to report on additional results from the recent drilling campaign on

areas that were previously never tested before, outside the main mining concession areas, in the near future.

About South Atlantic Gold

South Atlantic Gold is an exploration company engaged in acquiring and advancing mineral properties located in the Americas. Our flagship asset is the 100%-owned Pedra Branca project, located 280 km southwest of Fortaleza, Ceará State, Brazil. South Atlantic Gold is focused on creating value for its shareholders by engaging in the development and acquisition of high-quality mineral assets located in stable and mining-friendly jurisdictions. South Atlantic Gold is based in Kelowna, British Columbia, and is listed on the TSX-V under the symbol "SAO".

ON BEHALF OF THE BOARD

Douglas Meirelles, President and CEO

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Cautionary Note Regarding Forward-Looking Information

This news release contains statements that constitute "forward-looking information", as such term is used in applicable Canadian securities laws. Such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information includes statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Although the Company believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by its nature forward-looking information involves assumptions and known and unknown risks, uncertainties and other factors which may cause our actual results, level of activity, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. There can be no assurance that the Fundamental Acquisition will be completed as proposed or at all.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions; the Covid-19 pandemic; adverse industry events; the receipt of required regulatory approvals and the timing of such approvals; that the Company maintains good relationships with the communities in which it operates or proposes to operate, future legislative and regulatory developments in the mining sector; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; mining industry and markets in Canada and generally; the ability of the Company to implement its business strategies; competition; the risk that any of the assumptions prove not to be valid or reliable, which could result in delays, or cessation in planned work, risks associated with the interpretation of data, the geology, grade and continuity of mineral deposits, the possibility that results will not be consistent with the Company's expectations, as well as other assumptions risks and uncertainties applicable to mineral exploration and development activities and to the Company, including as set forth in the Company's public disclosure documents filed on the SEDAR website at www.sedar.com.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE

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